

**IS THIS ANOTHER CAN OF WORMS?
OR,
HAS SOMEBODY GOT HIS KNICKERS IN A TWIST ?**

The Chairman of First Shanghai Investments Ltd () (Code: 227, Main Board, The Stock Exchange of Hongkong Ltd) appears to be in a little bit of trouble, having been sued by Beijing Hantong Yuzhi Convention Centre Ltd () in the High Court of The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

He is Mr Lao Yuan Yi () who, by the looks of things, is, or at least was, a high-muck-a-muck of the Beijing Politbureau.

In Action Number 1208, lodged in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it is alleged, in the Statement of Claim, attached to the Writ of Summons, that Mr Lao Yuan Yi was

- i) *one of the Vice Presidents of a company called China Venture Tech Investment Corporation “” (hereinafter referred to as “VTI China”), a state enterprise established by, and accountable directly to, the Ministry of Science and Technology and Ministry of Finance, PRC.*
- ii) *the officer in charge, legal representative and authorized person of a company called China Venture Tech International Investment Corporation Shanghai “” (hereinafter referred to as “VTI Shanghai”), a solely owned subsidiary of VTI China and hence, also a state enterprise.*
- iii) *one of the two directors and shareholders with 50% shareholdings of a company called Praiseup Limited “” which was incorporated under the laws of Hong Kong (hereinafter referred to as “Praiseup”).’*

The Statement of Claim refers to the Defendant as having ‘*occupied such an important position, the Defendant therefore owed a duty*’ to act in good faith and in the best interests of both China Venture Tech Investment Corporation and China Venture Tech International Investment Corporation Shanghai, referred to in the Statement of Claim, sometimes as VTI China and VTI Shanghai, respectively, and sometimes as VIT China and VIT Shanghai, respectively.

At Paragraph 2.b) of the Statement of Claim, it is stated:

‘Not to act so as to place himself in a position in which his personal interests did or might conflict with any interest of VIT China (sic) and/or VIT Shanghai (sic).’

At Paragraph 3 of the Statement of Claim, it is alleged that, early in 1994, VTI China planned ‘*to invest in the uprising (sic!) property market in Shanghai*’ via VTI Shanghai.

The Statement of Claim, then, continues to explain that, due to ‘*local restrictions* (presumably in Shanghai) *VTI Shanghai decided to implement this investment plan through a Hong Kong company.*’

Mr Lao Yuan Yi was designated as the officer in charge of VTI Shanghai and it was resolved that he ‘*should*

acquire 50% shareholding in Praiseup, which was a company incorporated by one of the Defendant's friend, Mr. Chau Ngai Ming "" and ... [CLICK TO ORDER FULL ARTICLE](#)

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